



**BOARD OF DIRECTORS  
EAST BAY MUNICIPAL UTILITY DISTRICT**

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375 - 11th Street, Oakland, CA 94607

Office of the Secretary: (510) 287-0440

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**Notice of Time Change**

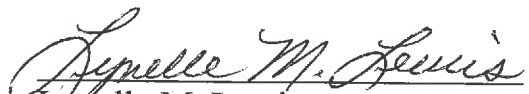
**PLANNING COMMITTEE  
MEETING**

**9:30 a.m.**

**Tuesday, November 8, 2016**

Notice is hereby given that on Tuesday, November 8, 2016 the Planning Committee Meeting of the Board of Directors has been rescheduled from 9:15 a.m. to 9:30 a.m. The meeting will be held in the Training Resource Center of the Administration Building, 375 - 11th Street, Oakland, California.

Dated: November 3, 2016

  
Lynelle M. Lewis  
Secretary of the District

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**BOARD OF DIRECTORS  
EAST BAY MUNICIPAL UTILITY DISTRICT**

375 – 11<sup>th</sup> Street, Oakland, CA 94607

Office of the Secretary: (510) 287-0440

## **AGENDA**

**Planning Committee  
Tuesday, November 8, 2016  
9:30 a.m.  
Training Resource Center**

**(Committee Members: Directors Linney {Chair}, McIntosh and Young)**

### **ROLL CALL:**

**PUBLIC COMMENT:** The Board of Directors is limited by State law to providing a brief response, asking questions for clarification, or referring a matter to staff when responding to items that are not listed on the agenda.

### **DETERMINATION AND DISCUSSION:**

1. Customer Lead Tap Sampling Program (Wallis)
2. Customer Assistance Programs Update (Hong)
3. Groundwater Update in Sacramento and San Joaquin Counties (Sykes)
4. Joint Exercise of Powers Agreement with the City of Alameda (C. Chan)

### **ADJOURNMENT:**

#### **Disability Notice**

*If you require a disability-related modification or accommodation to participate in an EBMUD public meeting please call the Office of the Secretary (510) 287-0404. We will make reasonable arrangements to ensure accessibility. Some special equipment arrangements may require 48 hours advance notice.*

#### **Document Availability**

*Materials related to an item on this Agenda that have been submitted to the EBMUD Board of Directors within 72 hours prior to this meeting are available for public inspection in EBMUD's Office of the Secretary at 375 11th Street, Oakland, California, during normal business hours, and can be viewed on our website at [www.ebmud.com](http://www.ebmud.com).*

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## EAST BAY MUNICIPAL UTILITY DISTRICT

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DATE: November 3, 2016

MEMO TO: Board of Directors

THROUGH: Alexander R. Coate, General Manager *ARC*

FROM: Michael J. Wallis, Director of Operations and Maintenance *MJW*

SUBJECT: Customer Lead Tap Sampling Program

### INTRODUCTION

During the August 9, 2016 Planning Committee meeting, staff received approval to draft a plan to implement the customer lead tap sampling program. The plan for the sampling program will be discussed at the November 8, 2016 Planning Committee meeting.

### RECOMMENDATION

Implement a customer lead tap sampling program. This program would test customers' drinking water for lead at no cost, provide timely information to customers, and fulfill one of the National Drinking Water Advisory Council's (NDWAC) recommendations for revising the current Lead and Copper Rule (LCR).

### DISCUSSION

A mandated customer sampling program is not required by federal or state regulations; however, the NDWAC recommends revising the LCR to give all customers the opportunity to have their drinking water sampled for lead. Currently, the LCR requires the District to identify, qualify, and sample at least 50 homes for lead and copper every three years; however, if the homes do not meet the requirements set forth in the LCR, the customers would never be asked if they wish to participate in the program. The sampling program will provide each customer in the service area an opportunity to request that a drinking water sample from their home be analyzed for lead. This service also presents the District with an opportunity to conduct public outreach.

The District has developed a plan to implement the program. Customers will be notified through the District's website and in the Annual Water Quality Report that the District will provide lead testing of their drinking water upon request. The customer will be instructed to contact the District's Call Center to request a voucher to participate in this program, which will be redeemed by sending it to the District's contract commercial laboratory. Until the District gains experience with this new program, it is proposed to use commercial laboratories. The laboratory will send the customer a sampling kit with instructions for collecting the sample, along with a prepaid

return mailer. After collection, the customer will return the sample to the laboratory. Once the laboratory receives the sample and completes the analysis, the results will be sent to the customer with explanatory materials. The District will also receive a copy of the customer's results and staff will be available to answer any questions.

## **FISCAL IMPACT**

The estimated cost per sample is \$100, and based on other utilities' experience, the District could expect over 300 requests the first year, for a total cost of \$30,000. These costs can be accommodated within the FY17 budget.

## **NEXT STEPS**

In order to bring a commercial laboratory under contract, a Request for Proposal will be issued in November and a contract will be prepared for Board consideration in January.

To launch this program in January, staff will begin developing written materials (voucher, customer educational materials, and FAQs for the Call Center), staff training (data entry and proper responses to questions), and revisions to the District's website and Annual Water Quality Report to make customers aware of the program.

ARC:MJW:ss

## EAST BAY MUNICIPAL UTILITY DISTRICT

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DATE: November 3, 2016

MEMO TO: Board of Directors

THROUGH: Alexander R. Coate, General Manager *ARC*

FROM: Sherri A. Hong, Manager of Customer and Community Services *S. Hong*

SUBJECT: Customer Assistance Programs Update

### INTRODUCTION

At the September 13, 2016 Board of Directors meeting several members from the Service Workers Project for Affordable Water and Utilities (SWPAU) expressed concern on the affordability of water service for low-income customers and the District's rates and penalties. SWPAU is a volunteer private membership association of service workers who assist low-income workers and their families to stop pending utility shut-offs and assist with restoring service to their homes. This memo provides an update on how the District processes overdue bills and outlines the assistance programs available to customers experiencing difficulty paying their water bill. Staff will provide a presentation at the November 8, 2016 Planning Committee meeting.

### BACKGROUND

Consistent with its mission, the District strives to provide reliable, high quality water and wastewater services at fair and reasonable rates. To this end, the District continuously benchmarks its rates with those of other water and wastewater utilities to confirm they are within a reasonable range. The public's view of the affordability of bills they receive from the District for water and wastewater services is impacted by the District's obligation to allow other agencies to include charges for their services; specifically, the Cities of Oakland, Berkeley, Emeryville, and San Leandro, and Oro Loma Sanitary District, and Dublin San Ramon Services District contract with the District to bill and collect for their sewer charges on our bill. Water bills for the City of Oakland, the largest of the cities within our service area, include the District's water and wastewater fees and the City of Oakland's sewer service charge which accounts for 52 percent of the total basic service charges. The minimum bi-monthly service charges incurred by individually metered residential customers in Oakland with **no** water use are as follows:

EBMUD water service charge	\$ 41.38 (29%)
EBMUD wastewater treatment charge	26.78 (19%)
City of Oakland sewer service charge	<u>73.16</u> (52%)
Minimum Oakland resident bill with <b>no</b> water use	\$141.32 (or \$70.66 per month)

### DISCUSSION

The District has a duty under the Municipal Utility District Act (MUD Act) to collect rates and charges for the services it provides to its ratepayers. The following sections describe the District's process for handling overdue bills, assistance for customers who are in financial hardship and information on water theft penalties.

### Overdue Bill Handling

The District bills customers every two months and secures payment of delinquent accounts. When a bill is not paid prior to the next billing period, the account is considered delinquent and the delinquent charges are added to the current bill, resulting in a “double bill.” Once a double bill occurs, several delinquent notices are provided to alert customers about the status of their account throughout the various stages of the collection process. Customers who are issued a double bill are subject to service termination under *Section 15 - District Regulations Governing Water Service to Customers*. If the customer fails to pay their water bill after several notices are issued, a final 48-hour notice is generated for service termination. If the customer takes no action after 48 hours, the service is terminated. The service termination process occurs over a period of 33 or more days from the date of the first overdue bill.

For residential accounts for fiscal year 2016, the District completed 12,167 service disconnections for non-payment of water bills. Of those accounts, three percent are Customer Assistance Program (CAP) customers. Additionally, 2,190 of these accounts had more than one turn-off. Disconnections occur in every ward of our service area with a majority occurring in the lower income areas of Oakland (52%) and Richmond (25%).

### Deposits

In addition to service terminations, the District may require a deposit from customers signing on for service who have a history of delinquent accounts. Deposits are necessary for high risk accounts to minimize the financial risk assumed by the District and to keep write-off amounts low. The District does not charge deposits when customers initially establish service but charges deposits in instances where a customer fails to provide the required information when establishing an account, when a customer has a bankruptcy filing, a history of water theft, or when the customer demonstrates a non-satisfactory payment history resulting in ongoing overdue activity including turn-off action. In accordance with the MUD Act, deposits are based on two-times the average bi-monthly bill and returned after the customer maintains a one-year satisfactory payment history.

### Water Theft Penalties

In addition to the District’s basic service charges, water theft penalties may also be imposed and added to a customer’s bill. The water theft penalty applies to customers who tamper with the District’s water service facilities to restore unauthorized service after termination or an illegal connection to the District’s water supply. The first offense is charged \$1,000, second offense \$2,000, and subsequent offenses \$3,000. Charges to restore service are not part of the penalty and constitute a separate charge to the customer. Since adoption of the Water Theft Penalty Ordinance on April 29, 2015, 153 accounts have been charged with water theft penalties. Since the water theft penalty has been in place, there has been a 50 percent reduction in the number of meter locks broken. The ordinance and water theft penalty notices left in the meter box and at the door (as well as word of mouth) are significantly reducing water theft. Customers who engage in water theft are typically unable to pay the water theft penalty fee.



The above collective efforts have been effective tools to recover revenue and keep write-offs low. The District has maintained a very low write-off percentage of 0.58 percent and has consistently made progress in this area. This helps keep rates low for all ratepayers. However, there are ratepayers who are experiencing significant financial difficulty and do not have the financial means to pay the District's minimum service charges. The MUD Act authorizes the District to establish a temporary relief program to assist these customers.

### Customer Assistance Programs

The District provides many options to assist low-income customers and/or customers who are experiencing financial difficulty paying their water bill. These programs are outlined below.

#### Customer Assistance Program (CAP)

The District offers CAP to help pay a portion of the water bill and service charge. This program is available for qualified low-income residential customers and eligible homeless shelters. The discount provides 50 percent off of the standard bimonthly service charge and 50 percent off of the home water use in each eligible household/shelter, up to a maximum of 1,050 gallons per person per month. Additionally, a 35 percent discount is provided for the EBMUD wastewater service charge and flow charges. The wastewater discount is set at a lower percentage rate due to the lower charges. The CAP discount applies only to charges for the District's services and cannot apply to charges such as sewer service charges imposed by other cities.

- *Eligibility Requirements*

Eligibility for assistance under CAP depends on the number of persons in the household and the maximum gross annual household income as provided in the attached Exhibit A. The District uses income limits for CAP assistance eligibility based on the state housing poverty guidelines by county and is updated annually. CAP income levels are based on the "very low income level" vs. extremely low, low, median, or moderate. A very low income limit typically reflects 50 percent of Housing and Urban Development's (HUD) Median Family Income. Additionally, the District's CAP income limits are greater than 200 percent of the current federal poverty level.

- *Application Process*

To establish eligibility, customers must submit an application to the District. Customers can request and submit CAP application materials by phone, mail, fax, and email. Staff reviews the applications to verify eligibility and also to determine the appropriate credit. Assistance through CAP is "temporary" under the MUD Act. Therefore, customers are required to re-apply every two years to confirm eligibility.

- *Participation Levels*

Currently 5,972 or two percent of EBMUD residential customers, and 10 homeless shelters participate in the District's CAP program. For FY16, the CAP expense totaled approximately \$1.5 million (\$1,216,500 for water and \$311,000 for wastewater fees). The program is administered in-house by staff. EBMUD's ability to provide financial assistance is restricted by Proposition 218 which limits the application of utility funds to assist low-income households and CAP discounts are funded by miscellaneous non-enterprise revenue sources such as property taxes.

#### Agency Partnerships

For customers ineligible for the CAP program and/or is in need of emergency relief assistance, the District partners with the Salvation Army, Catholic Charities, and Seasons for Sharing. St. Vincent De Paul Society was added to the list of agency partners in 2015.

#### Payment Extensions/Plans & Medical Needs

Customers unable to pay their bill and who may not be eligible for assistance through CAP may also make arrangements to pay their bill over a longer period of time and through smaller incremental amounts. Payment arrangements allow the customer to make reasonable smaller payments to help them “catch up”. Additionally, under the MUD Act, service may not be terminated where a medical provider certifies that service termination would result in a significant threat to the health and safety of a residential occupant.<sup>1</sup> Customer accounts with documented medical conditions are evaluated on a case-by-case basis.

#### Multi-family Lien Program

For master-metered services serving multi-family dwelling units, liens are placed on residential property for delinquent charges as an alternative to terminating service in multi-family/tenant residences. Unpaid lien amounts will roll over to the appropriate property tax bill.

#### Conservation Services

Customers are offered water audits, free devices, and other services to assist customers in reducing their water use to keep bills reasonable. Low-income and senior complexes that can benefit are targeted for these services.

### **NEXT STEPS**

Staff continually looks for ways to enhance services for all customers, including low-income customers. Efforts underway and new initiatives identified include:

- Continue participation with Association of California Water Agencies, California Urban Water Agencies, and the State Water Resources Control Board (SWRCB) initiatives to help identify the root causes of, and help identify solutions to, these issues.
- Attend the SWRCB Low-Income Rate Program Workshop on November 7, 2016 at the District, and provide a comment letter outlining the District’s concerns. Monitor and participate in proposed legislative proposals.
- Enhance the District’s online Customer Assistance section to make CAP more accessible to customers in need.
- Meet with City of Oakland staff to discuss high sewer service fees and the customer impacts and determine potential partnerships and services available to support low-income individuals.
- Target outreach and education to vulnerable low-income areas of the District’s CAP.
- Provide comprehensive customer service training for various staff throughout the District who frequently interface with customers experiencing challenging situations.
- Conduct a feasibility study for a volunteer donation customer assistance program for the District.

#### Attachment

I:\SEC\2016 Board Related Items\Committees\110816\Planning\CCS Customer Assistance Program Update.doc

<sup>1</sup> See MUD Act Section 12822.1 (e)(5).

## EAST BAY MUNICIPAL UTILITY DISTRICT

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DATE: November 3, 2016

MEMO TO: Board of Directors

THROUGH: Alexander R. Coate, General Manager *ARC*

FROM: Richard G. Sykes, Director of Water and Natural Resources *R. Sykes*

SUBJECT: Groundwater Update in Sacramento and San Joaquin Counties

### INTRODUCTION

In 2012, EBMUD included groundwater projects in Sacramento and San Joaquin Counties as part of the WSMP 2040 water supply portfolio. Staff has been actively pursuing a groundwater banking demonstration project in San Joaquin County and tracking opportunities in Sacramento County. This memorandum provides a summary of continuing upcountry groundwater management efforts and responds to questions raised by the Board regarding the potential for nitrate and uranium contamination. This topic will be discussed at the November 8, 2016 Planning Committee meeting.

### DISCUSSION

#### Background

The Sustainable Groundwater Management Act (SGMA) requires Groundwater Sustainability Agencies (GSAs) to prepare a Groundwater Sustainability Plan for high and medium priority basins, including those in Sacramento and San Joaquin Counties. Any future groundwater banking project will need to be consistent with sustainability goals.

#### Sacramento County

There are three groundwater sub-basins that underlie Sacramento County: the North American sub-basin; the South American sub-basin; and the Cosumnes sub-basin. All three fall under SGMA. In the North American sub-basin, the Sacramento Groundwater Authority has secured the exclusive GSA role for the basin. In the South American sub-basin, the Sacramento Central Groundwater Authority and two individual agencies, Omochumne-Hartwell Water District and Sloughhouse Resource Conservation District, have applied to be GSAs. In the Cosumnes sub-basin, the Sloughhouse Resource Conservation District has filed to be the GSA. EBMUD anticipates that those agencies, along with the California Department of Water Resources (DWR), will address coverage gaps and overlaps prior to the June 30, 2017 filing deadline.

Staff has had preliminary discussions about groundwater banking in Sacramento County, but to date, there is no framework in place to allow banking by an outside agency. Over the next 5 years each sub-basin would likely develop banking frameworks as part of SGMA compliance.

### San Joaquin County

Two groundwater sub-basins underlie San Joaquin County, the Eastern San Joaquin sub-basin and the Tracy sub-basin. Numerous agencies located within both sub-basins are interested in serving as GSAs. For the Eastern San Joaquin sub-basin, San Joaquin County staff has spearheaded the development of a new Joint Powers Authority, the Eastern San Joaquin Groundwater Authority, to bring together multiple GSA applicants to address overlapping GSA boundary lines and share costs for Groundwater Sustainability Plan development. Similarly in the Tracy sub-basin, San Joaquin County intends to help resolve any overlaps so the entire sub-basin has GSA coverage prior to the June 30, 2017 DWR deadline.

### DREAM Project

The Demonstration Recharge Extraction and Aquifer Management (DREAM) Project, a collaboration of San Joaquin County, the North San Joaquin Water Conservation District, and EBMUD, involves a plan to implement a demonstration groundwater banking project in San Joaquin County. San Joaquin County is the Lead Agency for the California Environmental Quality Act documentation and adopted the Initial Study/Mitigated Negative Declaration on the project on August 23, 2016. The DREAM Partners are meeting with Woodbridge Irrigation District to develop an agreement that clarifies each party's water rights relative to water available for groundwater banking. Staff anticipates that it could take several months for an agreement between the agencies to be negotiated. Therefore the project's detailed design will start no sooner than early 2017, followed by construction in 2018 and operation in 2019.

### Nitrates and Uranium

At a recent meeting, a Board member asked staff if there were concerns regarding nitrate contamination and the mobilization of naturally occurring uranium as it relates to groundwater banking activities proposed within San Joaquin County, including the DREAM Project. Specifically, the Board asked if nitrate in groundwater can cause uranium to leach from soils.

In 2015, both uranium and nitrate were sampled in the groundwater underlying the proposed project site. Uranium was not found and the nitrate levels were below the drinking water standard of 1 mg/l. Additional testing will be performed as part of developing plans for the DREAM Project's treatment system. For now, there is no evidence of uranium mobilization during the pilot project and both the Department of Drinking Water and San Joaquin County indicate there is no concern. Staff will continue tracking this issue.

RGS:MTT:TBF:acr

## EAST BAY MUNICIPAL UTILITY DISTRICT

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DATE: November 3, 2016

MEMO TO: Board of Directors

THROUGH: Alexander R. Coate, General Manager *ARC*

FROM: Clifford C. Chan, Manager of Maintenance and Construction *CCC*

SUBJECT: Joint Exercise of Powers Agreement with the City of Alameda

### INTRODUCTION

The District and the City of Alameda (City) executed a Joint Exercise of Powers Agreement (JPA) for the Alameda Point (Point) water system operation and maintenance on May 2, 1997. The JPA has been amended to extend the services six times and was extended for another six months on August 9, 2016. The JPA will expire on March 31, 2017, and the extension was necessary to allow more time for negotiations. An update on the progress on the new JPA will be discussed at the November 8, 2016 Planning Committee meeting.

### SUMMARY

The District entered into the first JPA with the City in May 1997 to provide temporary operation and regulatory reporting for the Point's water system while the City made the necessary changes to their system to allow conveyance to the District. Since March 2016, the District has been negotiating with the City to amend the current JPA. A number of critical issues remain unresolved including continued challenges with the City complying with backflow and cross connection regulations, the lack of accurate maps of the underground utilities, and plans to develop the Point that are not in compliance with District's regulations. These issues need to be resolved to complete the negotiations to amend the existing JPA.

### DISCUSSION

The Point's water system was originally constructed by the United States Navy for the former Naval Air Station and does not meet District standards. The JPA was initiated to allow time for the City to make the necessary investments in the water system to bring it to an acceptable standard to allow transfer to the District. In the interim, the JPA served to ensure that reliable water service was maintained, and the District has been providing operations and maintenance services to the Point, including pipe repairs, water quality monitoring, backflow prevention, new service installation, and regulatory reporting. During the recent negotiations to update the JPA, a number of issues remain unresolved and are summarized below.

### Water Supply Permit

On May 13, 1998, the California Department of Health Services (now the Division of Drinking Water) issued a domestic water permit to the United States Navy to continue to operate the Point water system. The permit was issued subject to the following provisions.

- Complying with the regulations relating to cross-connections including adopting rules to implement a cross-connection program, conducting regular cross-connection surveys, installing and testing backflow prevention devices, training personnel on cross-connection control, and maintaining the appropriate records.
- Complying with all state laws applicable to public water systems.

Since the permit was issued in 1998 much of the property on the Point has been sold to the City.

### Backflow and cross-connection

Alameda Point has two separate water systems; one for potable water and one for fire-fighting. A 1997 engineering study recommended that the fire-fighting system be removed from service because of its poor condition. This system has experienced a number of large failures, and there is evidence of cross connections between the potable water and fire-fighting systems. In addition, the District continues to have difficulty obtaining current records of changes in occupancy from the City to complete backflow and cross-connection surveys. In 2005, the District identified 20 locations where backflow prevention devices needed to be installed, and to date, the City has made minimal progress installing these devices. The City is also required to notify the District of new tenant occupancy and changes in tenant use, and submit annual reports of changes in occupancy. The City has not complied with this requirement. Operating a water system without proper backflow prevention, and cross connection surveys and controls puts the customers at risk for contamination.

### USA Marking and Accurate Plans

Maps of the water infrastructure are inaccurate, which makes shutdowns and service outages more difficult to control and repair. A recent main break on October 22, 2016 was caused by an electrical contractor hitting one of the water mains on Alameda Point. The District was dispatched to repair the break. During the response, District staff identified a number of valves that were buried or unmarked. In addition, District staff was not called out to mark for underground utilities prior to the contractor's work. The City currently has a Request for Proposals (RFP) to map, identify cross connections, and perform a leak detection survey. Proposals for this RFP are due to the City on November 21, 2016.

### Development issues

Redevelopment of the Point includes a combination of new development and reuse areas. New developments require new infrastructure (e.g., water main extensions) and will be funded and

installed by a master developer. As new infrastructure is installed, the existing private system will be abandoned. Of concern are the reuse areas which include existing buildings that will be preserved and adaptively reused. The City is actively subdividing the buildings into parcels and has been negotiating leases with tenants with an option to purchase the subdivided parcels within the reuse area; several of these parcels are anticipated to exercise the purchase option in 2017.

Under the terms of the JPA and District Regulations Governing Water Service to Customers (Regulations), tenants within the Point are authorized to receive water service through the City's three master meters as long as the property is under a single ownership. The City's plan to sell parcels in a nonstandard approach, and absent the required permanent water infrastructure, creates a potential risk to the District including challenges to comply with District Regulations, and water quality, maintenance, and consumer relation concerns with future property owners.

To mitigate these risks, on April 12, 2016 the Planning Committee unanimously supported staff's recommendation to have the City install a looped water main distribution system, work with the City to establish water service at parcels with principal frontage to the new water main that have not been subdivided, and abandon the existing water system where the new water main is installed and convert services to the new water main, as feasible. The City was notified of the District's requirements and presented a plan to the District to construct the necessary infrastructure in phases to comply with District Regulations and the terms of JPA. However, funding of the City's plan requires proceeds from the sale of properties within the reuse area to finance the infrastructure improvements.

The City's plan is not consistent with the District's standard requirements for development projects, where water infrastructure is completed prior to water services being issued to property owners. After discussion with the City, the City proposed a new strategy where new property owners would continue to receive water service from the private water system while new water infrastructure is constructed within a mutually agreed timeline. This approach has risks to the District including the City having insufficient funds to construct the required improvements or the City failing to meet the established timeline to construct the required improvements.

## **NEXT STEPS**

Staff will continue to meet with and negotiate with the City contingent upon the City applying for and obtaining an amendment to their water supply permit, complying with cross connection and backflow requirements, awarding a contract to map their underground infrastructure, agreeing to a development plan consistent with the District's Regulations, and agreeing to a timeline to construct the new water infrastructure. Staff is also exploring options for assessing the system capacity charges and wastewater capacity fees for the reuse areas within the Point. The Planning Committee will be updated in January 2017 on the progress of the negotiations.

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